

## Research Project Proposal – BALTA (Revised June 2008)

### Sustainable Infrastructure for the Social Economy: Cluster-based Social Enterprise Models

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#### A. Project Title

D4 – Sustainable Infrastructure for the Social Economy: Cluster-based Social Enterprise Models

#### B. SERC Association

This project is associated with both SERC 2 and SERC 3.

#### C. Co-Lead Researcher(s):

Given the relevance to both SERC 2 and SERC 3, a supervisor from each SERC will co-lead the project. Mark Roseland from the Centre for Sustainable Community Development at SFU will be the co-lead from SERC 2, and Jorge Sousa from the University of Alberta will be the co-lead from SERC 3.

Dr. Mark Roseland (SERC 2)  
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Dr. Jorge Sousa (SERC 3)  
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#### D. Other Researchers and Organizations Involved

Veronica Vinge has been identified as a potential practitioner (SERC 3) to be involved in this project given her interest in the topic and experience in research related to the application of cluster-based models in Alberta. She is also a member of the Non-profit Centres Network and can provide key documents and contacts for the research.

David LePage (SERC 3) has also agreed to serve as a practitioner advisor for the project.

The Centre for Social Innovation in Toronto has expressed interest in this research and we are in communication about potential areas for research collaboration and information sharing.

#### E. Project Description / Objectives / Outputs

##### *Project Description*

The social economy is a mosaic of organizations, from credit unions and co-operatives to social enterprises and non-profit organizations. According to the recent National Survey of the Non-profit and Voluntary Organizations (NSNVO, 2006), there are approximately 39,000 non-profit organizations alone in BC and Alberta. Despite a vast array of missions and mandates, these organizations share a common vision of a more socially just and sustainable society.

In a competitive market-based economy, many non-profit organizations and social enterprises find it difficult to secure and maintain stable, affordable, quality work environments that allow for efficient and effective operations. Many non-profit organizations work on shoestring budgets and rely heavily on volunteer labour. Workspace is often the second largest budget expense after salaries (NCN, 2008). High overhead costs take valuable resources away from project development and delivery. Lack of affordable space has forced dislocation on many non-profit organizations, both in times of economic boom (due to rising commercial rents), and in times of government and funding cutbacks (ibid).

These challenges, common across all types of non-profit organizations, have significant implications for the social economy sector. The ability of organizations to effectively fulfill their mandates and provide quality services to their communities and constituents depends on their ability to secure and maintain access to critical infrastructure and resources.

In response to these challenges, cluster-based social enterprise models (CBSE) have emerged as collective organizational system models to provide necessary physical infrastructure and resources as well as to facilitate co-operation, collaboration and network building within the sector. Sometimes referred

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to as multi-tenant non-profit centres, these cluster-based models are springing up all over North America and Europe. The centres themselves come in a variety of forms, but generally share several key features (NCN, 2008):

- they are composed of multiple tenant organizations (primarily non-profits and social enterprises);
- they exist in a physical site, usually consisting of one or more buildings closely situated, and;
- they have the explicit purpose to provide affordable, stable work environments, to build capacity, and to support the missions of the tenant organizations.

Beyond co-location and the provision of physical space, these cluster-based social enterprise models are intended to facilitate strategic collaboration and alliance building amongst organizations addressing sustainability and social justice issues. Given the increasing need for inter- and cross-disciplinary approaches to the complex social and ecological problems that face our societies, these centres can play a key role in the future development of the sector and can serve as potential hotbeds for social innovation and creative, dialogical problem-solving.

As in other sectors, the social economy suffers from silos that cause division, competition and fragmentation. CBSEs are designed to break down these silos and provide space where organizations can not only work more effectively to achieve their own mandates, but where co-operation and collaboration are values that are actually practiced among organizations for the purpose of achieving broader social change.

Most CBSEs provide space and services to the larger community in addition to their tenant organizations through space rentals, workshops and consulting services. The physical buildings take a variety of forms, with many in preserved and renovated heritage buildings or newly developed state-of-the-art green buildings. In both cases, the physical infrastructure often embodies the values of the organizations that work within. The layout of these spaces is often intentionally designed to facilitate mutuality, co-operation, the cross-pollination of ideas, and spawn new and innovative initiatives.

The Non-profit Centres Network, a San Francisco-based organization that supports the development of non-profit centres, lists over 150 MTNC members in North America and Europe. Evidence of the increasing interest in CBSEs as an organizational model can be seen in British Columbia and Alberta as well. The Victoria Sustainability Centre is currently being developed as a LEED-certified green building to house non-profit, social and environmental mission-based organizations in Victoria, BC; EcoTrust has recently discussed the idea of converting an old heritage building in the South East False Creek development site in Vancouver into a non-profit centre; and there have been discussions within the city of Edmonton regarding the development of a multicultural facility to house and support non-profit organizations.

Sustainability – in terms of long-term organizational viability, a commitment to social justice and ecological practices – is a central consideration in the development of CBSE models. There are several cases that are exemplary in their commitment to sustainability, both in the missions and mandates of the member organizations, and in the overall operation of the facility. From green roofs and waste-water systems to carbon offsetting and alternative transportation, the integration of values into the building structure as well as the overall function and practice of the centre is representative of a true commitment to community sustainability. As models of green practice, these centres are becoming focal points in communities, raising the profile of the social economy sector, creating new areas of social and economic activity and providing a demonstration site for sustainability.

Based on these recent trends, it is clear that CBSEs are emerging as an organizational model in response to infrastructure and resource challenges within the social economy sector. However, knowledge about these organizational models is dispersed with no on-going mechanism or research agenda to learn from existing facilities or to determine their effectiveness in furthering and supporting the social economy and facilitating innovation within the sector.

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***The purpose of this research project is to examine cluster-based social enterprise models as a mechanism for developing sustainable infrastructure for the social economy, and to determine their effectiveness in enhancing organizational performance and social innovation.***

#### ***Research Objectives***

1. To conduct a literature review on the application of cluster-based models both within traditional economic sectors as well as within the social economy. Both rural and urban examples of cluster models will be explored.
2. To identify cases of exemplary cluster-based organizational models within the social economy in both rural and urban contexts.
3. To identify best practices in the areas of:
  - Development finance
  - Ownership models and legal structure
  - Real estate development and building design
  - Governance
  - Organizational development
  - Community impact

It is intended that this initial research will be the first phase of a multi-phased project. Research objectives for subsequent phases include:

- To assess the ability of CBSEs to foster collaboration amongst member organizations and ignite social innovation within the social economy sector.
- To assess the extent to which CBSEs foster synergies between the enterprise and development system levels of the social economy.
- To assess the potential for further development of cluster-based social enterprise models in BC and Alberta.
- To identify key issues, opportunities and constraints for scaling up exemplary practices and models in BC and Alberta.
- To determine the applicability of cluster-based social enterprise models in both an urban and rural context.

#### ***Outputs and Intended Outcomes***

##### **Phase 1: Literature Review and Identification of Case Studies of Exemplary Models and Practice**

The general intended outcome for this initial project is an understanding of the application of cluster-theory and cluster-based organizational modeling within the social economy and its potential for developing sustainable infrastructure and fostering social innovation.

Specific outputs include:

- A literature review – with the intention to turn the lit review into a publishable article relating cluster theory to the social economy.
- A preliminary list of potential case studies (in the form of short, descriptive case profiles) of exemplary models and best practices of cluster-based models in both rural and urban contexts in North America and Europe.

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- A framework for analysis for case studies relevant to each of the two SERCs, identifying research synergies and linking cluster theory and modeling to other research areas.

#### **F. Purpose and Significance re: BALTA Project Criteria**

BALTA's primary goal is to strengthen the foundations of the social economy in British Columbia and Alberta. This research project helps to achieve this goal in several ways. It addresses the real and identified need for securing the physical infrastructure and resources needed for social economy organizations to fulfill their mandates and serve their communities and constituents effectively. Secure and affordable workspace and resources are fundamental to the operational success of organizations within the social economy, and particularly the non-profit sector. Furthermore, this project examines the relationships between organizations within the sector, how these relationships can be built and strengthened, and how collaboration, co-operation and reciprocity can be animated, not only as values, but as operating principles amongst organizations in the social economy.

This research project meets the following Key Criteria and Questions for BALTA Projects (as outlined in the project criteria matrix):

- ✓ What are the scope and characteristics of exemplary practice in the region or elsewhere? What is working and why?
- ✓ What are the key issues, opportunities and constraints to scaling up what is working?
- ✓ Advances the application of exemplary practice knowledge in the region and scaling up of what works.
- ✓ Contributes to the design and development of social economy infrastructure and supports.
- ✓ Has high potential for contributing to building alliances aimed at strengthening the social economy.
- ✓ Is relevant to leveraging existing social economy assets for socio-economic innovation.

In addition to meeting the abovementioned key project criteria, this project compliments research priorities and existing and/or proposed research in each of the two SERCs.

#### **SERC 2**

The use of cluster-based models in rural communities will be explored and cases of exemplary practice in the rural context will be identified. Furthermore, the theoretical aspect of this project will contribute to the proposed neighbourhood mapping study within SERC 2 allowing for further analysis of this research based on cluster theory and point to other potential case studies for cross-comparison and analysis. Linkages with other SERC 2 projects include:

##### **Sustainability and the Social Economy (Lead: Mike Gismondi, SERC 2)**

As mentioned previously, a commitment to sustainability is central in the development of CBSEs, and there are several exemplary cases that demonstrate this. As such, the CBSE project compliments the current project in SERC 2 on Sustainability and the Social Economy (B2) and will be able to build on the theoretical frameworks from the B2 project and provide further examples and case studies for exploration of the issue of sustainability in the context of the social economy.

##### **Heritage Building Infrastructure (Lead: Mike Gismondi, SERC 2)**

This project links closely with the current research project in SERC 2 on Heritage Building Infrastructure. Many CBSEs and non-profit centres are housed in preserved and renovated heritage buildings. The role

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of the social economy in heritage preservation will be a point of convergence between the two projects with the potential for research synergies and collaboration on articles for publication.

#### **Community Land Tenure** (Lead: Mark Roseland, Mike Gismondi SERC 2)

There is a keen interest within BALTA to explore the topic of community land tenure and community land trusts in the context of the social economy. The CBSE project compliments this current research interest by addressing the issue of community-based land tenure for social enterprise development. Research synergies and efficiencies between the two projects will be explored.

#### **SERC 3**

The general focus of SERC 3 is “infrastructure, analysis and evaluation”. In the 2007-2008 workplan, SERC 3 identified key questions that speak to the context and how we understand the social economy, particularly its drivers, the obstacles it faces and an analysis of its current efficacy in response to various specific contexts. Several of the key questions identified in the workplan are addressed in this project, including:

- Do social economy organizations identify resource deficits or other capacity deficits?
- What other models of social enterprise exist in Canada or internationally that may serve as potential models for BC and Alberta?

Furthermore, of the broad research priorities identified by the SERC, this project also contributes to the following:

- **Strategic Framing of Context** – analysis that helps us understand the drivers, assets and deficits implicated in the evolution of the social economy.
- **Understanding the Development System** – The web of supports that support the formation and expansion of enterprises that use business means to advance social goals. The extent to which such systems are organized, strategic and adequately resourced have a major impact on the scale and growth potential of the social economy.
- **Infrastructure Development and Community Development Finance** - Examining exemplary and best practices for financing the development of sustainable infrastructure and exploring key issues, opportunities and constraints for scaling up these practices in BC and Alberta.
- **Leadership Formation** – The role of leadership in the development of exemplary models of social enterprise.

By undertaking this research project, BALTA will make significant and meaningful contributions both practically and academically. Given the identified interest for developing CBSEs in both BC and Alberta and the emerging trend of CBSE development in North America and Europe, BALTA has the potential to provide high level research and valuable information to the sector to assist in strengthening and supporting the development of sustainable infrastructure for the social economy. This on-the-ground application of research is fundamental to the community-based nature of the BALTA project.

The concept of organizational ‘clusters’ is not new; however, its application to the social economy sector is. ‘Cluster theory’ has been discussed in the business literature for well over a decade (Rosenfeld 1995, 1996; Enright 2000; Saxenian 1998). Rosenfeld (1995) describes a cluster as “geographically bounded concentration of interdependent businesses with active channels for business transactions, dialogue, and communications, and that collectively shares common opportunities and threats”. Other forms of clustering are more visible in our society: Industrial parks and business districts not only provide common access to resources and relationships, but also provide a visible and geographic place for the sector within a community. CBSEs can be seen as representative of the cluster theory model in the context of the social economy, opening up new areas for analysis and understanding as well as cross-comparison of the social economy with other sectors.

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#### G. Student Researchers

The project will involve the hiring of one (1) PhD student researcher. Lena Soots has been identified as the primary student researcher for this project. Lena is a PhD student at SFU and has been involved in the development of this proposal. She is familiar with the relevant theoretical domains and conceptual models, and is experienced in qualitative research methods and conducting case study research. Moreover, this project dovetails considerably with Lena's own research in the areas of community sustainability, organizational learning and communities of practice. These research synergies will not only benefit the research process, but will contribute to the completion of her doctoral dissertation.

#### H. Research Activities, Plan of Work and Timetable

This initial project will involve a literature review, identification of preliminary case profiles of exemplary practice, and the development of an analysis framework for case studies within each of the two SERCs.

The following provides an outline of the Timeline, Research Activities and Anticipated Outcomes for the project:

Timeline	Research Activities	Anticipated Outputs
Sept – Dec '08	<ul style="list-style-type: none"><li>▪ Literature review</li></ul>	<ul style="list-style-type: none"><li>▪ Literature Review report</li><li>▪ Publishable paper</li></ul>
Jan – Apr '09	<ul style="list-style-type: none"><li>▪ Identification of exemplary case profiles</li><li>▪ Development of analysis framework</li><li>▪ Development of proposal(s) for subsequent research phases</li></ul>	<ul style="list-style-type: none"><li>▪ Report of case profiles</li><li>▪ Case Study Analysis Framework for each SERC</li><li>▪ Conference presentation</li></ul>

#### I. Communication of Results - Academic

It is intended that the completion of this first phase of research will result in at least one journal article on the application of cluster theory to the social economy to be published in an academic journal. Possible targeted journals include: *The International Journal for Social Economics*, *Community Development Journal*, *The Journal of Non-profit Management and Leadership*, and *Annals of Public and Cooperative Economics*.

Findings and results will also be communicated through academic conference presentations. Possible targeted conferences include: The Canadian Social Sciences and Humanities Congress (2009) and the *Association for Nonprofit and Social Economy Research (ANSER)*, as well as the *Canadian Association for Studies in Co-operation (CASC)*.

#### J. Communication of Results – Non-Academic

Non-academic avenues will also be pursued for the communication of results and findings to a broader audience. *Making Waves* and *Alternatives Journal* have been identified as potential magazines/journals for publication. Based on the nature of the research findings, we will seek advice from BALTA practitioners regarding other non-academic publishing opportunities.

#### K. Monitoring and Evaluation

In keeping with BALTA priorities, review mechanisms will be set up at regular intervals throughout the project to monitor progress and provide opportunities for evaluation and feedback.

Monitoring and evaluation of the project will coincide with milestones to ensure that outcomes and anticipated outputs are being reached. Regular meetings will be set up between the student researcher

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and each of the co-leads with occasional conference calls. The student will submit a progress report at the end of the first semester of employment along with a workplan for completion of the project. A Final Report including literature review, preliminary case profiles and summary of potential publication submissions will be provided to each SERC at the completion of the project in April 2009. At this point, consideration will be given to continuation with subsequent phases.

#### L. Research Tools

Secondary research and content analysis will be used in the undertaking of the literature review. Preliminary interviews will be conducted as well for the purposes of gathering information for the identification of case studies/profiles.

Prior to commencement of interviews, we will submit a copy of proposed research tools for the Ethical Review Process.

#### M. Budget and Funds Requested

The following is a budget outline for the initial phase of the project. As this project is co-lead by both SERC 2 and SERC 3, the researchers are requesting that project funds be shared between the two SERCs. The researchers will also look into other potential sources of funding for the project and its subsequent phases.

##### Budget

Category	Requested of BALTA	Other Contributions
<b>Student salaries</b>	\$12,000 (\$6,000 from each SERC) 8 months X \$1,500 per month (Avg. 60 hours per month @ \$25/hr) F/Y 2008-09 – 7 months = \$10,500 FY 2009-10 – 1 month = \$1,500	
<b>Student benefits (@10.5%)</b>	\$1,260 (\$630 from each SERC) F/Y 2008-09 – 7 months = \$1,102 FY 2009-10 – 1 month = \$158	
<b>Researcher release time</b>	--	
<b>Research support costs</b>	--	
<b>Knowledge dissemination</b>	In kind	Jorge Sousa, in-kind – 15 days @\$800 = \$12,000 Mark Roseland in-kind – 15 days @\$800= \$12,000
<b>Travel</b>	--	
<b>Total</b>	<b>\$13,260 (\$6,630 from each SERC)</b> F/Y 2008-09 – 7 months = \$11,602 FY 2009-10 – 1 month = \$1,658	<b>\$24,000</b>

##### Budget Explanation:

###### Student Salaries & Benefits

The PhD student researcher will be undertaking the literature review and developing the case profiles over an 8-month period. We are asking for \$6,000 plus benefits from each SERC.

###### Researcher Release Time

n/a

###### Research Support Costs

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n/a

#### **Knowledge Dissemination**

Resources required for knowledge dissemination will be provided in-kind by BALTA and the Centre for Sustainable Community Development at SFU.

#### **Travel**

n/a